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COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

AT RICHMOND, NOVEMBER 19, 2002

COMMONWEALTH OF VIRGINIA, ex rel.

STATE CORPORATION COMMISSION

HARRY M. LANTZ

v.

MONTVALE WATER COMPANY, INC.

CASE NO. PUE-2002-00576

ORDER FOR NOTICE AND HEARING

By notice dated August 20, 2002, pursuant to the Small Water or Sewer Public Utility Act, §§ 56-265.13:1 et seq. of the Code of Virginia, Montvale Water Company, Inc. ("Montvale" or the "Company"), notified its customers and the State Corporation Commission ("Commission") of its intent to increase its rates and fees effective for service rendered on and after November 1, 2002.

The Company proposes to increase its monthly rates as follows:

	<u>Current</u>	<u>Proposed</u>
Minimum	\$7.00	\$20.75
	(for 3,000 gallons of water usage)	(for 2,000 gallons of water usage)

The Company also proposes to increase its tap-on fee from \$750.00 to \$1,500.

By November 1, 2002, Commission Staff had received objections to the proposed rate increase from 77 customers, or approximately thirty-two percent (32%) of Montvale's customers. On November 6, 2002, the Commission issued a Preliminary Order declaring the Company's proposed rates and fees interim and subject to refund, with interest. The Commission further directed Montvale to file certain financial information on or before December 2, 2002.

NOW THE COMMISSION, having considered the matter, is of the opinion that a hearing should be scheduled pursuant to § 56-265.13:6 of the Code of Virginia to receive evidence relevant to the Company's proposed tariff revisions.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to Rule 5 VAC 5-20-120 of the Commission's Rules of Practice and Procedure ("Rules"), a Hearing Examiner is appointed to conduct all further proceedings in this matter.

(2) A public hearing before a Hearing Examiner shall be held on March 18, 2003, commencing at 10:00 a.m., in the Commission's Second Floor Courtroom located in the Tyler Building, 1300 East Main Street, Richmond, Virginia 23218, for the purpose of receiving evidence relevant to the Company's proposed tariff revisions.

(3) The Company forthwith shall make a copy of its proposed tariff and accompanying materials available for public

inspection during regular business hours at its business office located in the Company's Office on Volunteer Road in Montvale, Virginia 24122.

(4) On or before December 6, 2002, the Company shall cause a copy of the following notice to be sent to each of its customers by first-class mail, postage prepaid (bill inserts are acceptable):

NOTICE TO THE PUBLIC OF A HEARING
ON THE PROPOSED CHANGE IN WATER RATES AND
FEES OF MONTVALE WATER COMPANY, INC.
CASE NO. PUE-2002-000576

TAKE NOTICE THAT by letter dated August 20, 2002, Montvale Water Company, Inc. (the "Company"), pursuant to § 56-265.13:1 et seq. of the Code of Virginia, notified its customers of its intent to increase its rates and fees for service effective November 1, 2002.

The Company proposes to increase its monthly rates as follows:

	<u>Current</u>	<u>Proposed</u>
Minimum	\$7.00	\$20.75
	(for 3,000	(for 2,000
	gallons of water	gallons of
	usage)	water usage)

The Company also proposes to increase its tap-on fee from \$750.00 to \$1,500.

Pursuant to §56-265.13:6 of the Code of Virginia, the State Corporation Commission ("Commission") allowed the Company's proposed increase in rates and fees to go into effect on an interim basis subject to refund, with interest, pending a final determination by the Commission in this matter.

The Commission has scheduled a hearing before a Hearing Examiner to begin at 10:00 a.m. on March 18, 2002, in the Commission Second Floor Courtroom in the Tyler Building, 1300 East Main Street, Richmond, Virginia 23218, to receive evidence relevant to the Company's proposed increase in rates and fees.

PLEASE TAKE NOTICE THAT while the total revenue requirement that may be approved by the Commission is limited to the amount produced by the Company's proposed rates. The rates and fees approved for each type of service may either be higher than or lower than those proposed by the Company.

A copy of the Company's proposed tariff and accompanying materials is available for public inspection during regular business hours at the Company's business office on Volunteer Road in Montvale, Virginia 24122. A copy also is available Monday through Friday, 8:15 a.m. to 5:00 p.m. at the Commission's Document Control Center located on the First Floor of the Tyler Building at the address listed above.

Any person desiring to comment in writing on the proposed rates may do so by directing such comments on or before December 30, 2002, to Joel H. Peck, Clerk of the Commission, c/o Document Control Center, P. O. Box 2118, Richmond, Virginia 23218, and refer to Case No. PUE-2002-00576. Any person desiring to make a statement at the public hearing, either for or against the application, need only appear in the Commission's courtroom at 9:45 a.m. on the day of the hearing and identify himself or herself as public witness to the Commission's Bailiff.

Any person who expects to submit evidence, cross-examine witnesses, or otherwise participate in the proceedings as a Respondent pursuant to Rule 5 VAC 5-20-

80 B of the Commission's Rules of Practice and Procedure should promptly obtain a copy of this Order for Notice and Hearing from the Clerk of the Commission at the address set forth above for full details concerning the procedural schedule and instructions on participation. A copy of the Commission's Order outlining details for participation, and setting forth the complete procedural schedule is available from the Commission's <http://www.state.va.us/scc/caseinfo/orders.htm>.

Individuals with disabilities who require an accommodation to participate in the hearing should contact the Commission at 1-800-552-7945 (voice) or 1-804-371-9206 (TDD) at least seven (7) days before the scheduled hearing date.

All written communications to the Commission regarding this case should be directed to the Clerk of the Commission at the address set forth above and should refer to Case No. PUE-2002-00576.

MONTVALE WATER COMPANY, INC.

(5) The Company forthwith shall serve a copy of this Order on the Chairman of the Board of Supervisors of each county in which the Company offers service, and/or the Mayor or Manager of every city and town (equivalent officials in the counties, cities, and towns having alternate forms of government) in which the Company offers service. Service shall be made by first-class mail or delivery to the customary place of business or to the residence of the person served.

(6) On or before January 10, 2003, the Company shall file with Joel H. Peck, Clerk, State Corporation Commission, c/o

Document Control Center, P.O. Box 2118, Richmond, Virginia 23218, an original and fifteen (15) copies of the prepared testimony and exhibits Montvale intends to present at the public hearing and make a copy of the same available for public inspection as provided in paragraph (3) herein.

(7) On or before December 30, 2002, any person desiring to participate as a Respondent, as defined in Rule 5 VAC 5-20-80 B, shall file with the Clerk of the Commission an original and fifteen (15) copies of a Notice of Participation as provided in Rule 5 VAC 5-20-150, and shall serve a copy on the Company. A Notice of Participation shall be sent to Joel H. Peck, Clerk of the Commission, at the address set forth in paragraph (6) above. Service upon the Company shall be made on Samuel F. Vance, IV, Esquire, Glenn Feldmann Daily & Goodlatte, 210 First Street, S. W., Suite 200, Post Office Box 2887, Roanoke, Virginia 24001.

(8) Pursuant to Rule 5 VAC 5-20-80 B, the Notice of Participation shall set forth: (i) a precise statement of the interest of the Respondent; (ii) a statement of the specific action sought to the extent then known; and (iii) the factual and legal basis for the action. Any corporate entity or governmental entity that wishes to submit evidence, cross-examine witnesses, or otherwise participate as a Respondent must be represented by legal counsel in accordance with the requirements of Rule 5 VAC 5-20-30.

(9) Within five (5) days of receipt of any Notice of Participation, the Company shall serve on each Respondent a copy of all material now or hereinafter filed with the Commission.

(10) Any person desiring to comment in writing on the Company's application may do so by directing such comments, on or before December 30, 2002, to Joel H. Peck, Clerk of the Commission, at the address set forth in paragraph (6) above. Such comment shall refer to Case No. PUE-2002-00576. Any person desiring to make a statement at the public hearing concerning the application need only appear in the Commission's Second Floor Courtroom at the address set forth in paragraph (2) above at 9:45 a.m. on the day of the hearing and identify himself or herself as a public witness to the Commission's Bailiff.

(11) On or before February 7, 2003, each Respondent shall file with Joel H. Peck, Clerk of the Commission, at the address set forth in paragraph (6) above, an original and fifteen (15) copies of any prepared testimony and exhibits the Respondent intends to present at the public hearing, and shall simultaneously mail a copy of the same to Samuel F. Vance, IV, Esquire, at the address set forth in paragraph (7) above, and to other Respondents.

(12) The Company shall respond to written interrogatories within ten (10) business days after service. Respondents shall respond to written interrogatories of the Company, other

Respondents, and Commission Staff within five (5) business days after service. Respondents shall provide the Company, other Respondents, and Commission Staff with any work papers or documents used in preparation of their filed testimony promptly upon request. Except as modified above, discovery shall be in accordance with Part IV of the Rules, 5 VAC 5-20-240 to -260.

(13) The appropriate members of the Commission's Staff shall investigate the reasonableness of the Company's proposed tariff and shall present their findings and recommendations in prepared testimony and exhibits which shall be filed on or before February 27, 2003. A copy of such testimony and exhibits shall simultaneously be served upon Samuel F. Vance, IV, Esquire, at the address set forth above, and upon each Protestant.

(14) On or before March 11, 2002, the Company shall file an original and fifteen (15) copies of all testimony it expects to introduce in rebuttal to all direct prefiled testimony and exhibits. Additional rebuttal evidence may be presented without prefiling, provided it is in response to evidence which was not prefiled but elicited at the time of the hearing, and provided further, the need for additional rebuttal evidence is timely addressed by motion during the hearing and leave to present said evidence is granted by the Hearing Examiner. A copy of the

prefiled rebuttal evidence shall be sent to the Staff and to all other parties to the proceeding.

(15) At the commencement of the hearing scheduled herein, the Company shall provide the Commission with proof of notice as required by paragraphs (4) and (5) of this Order.